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PROGRAMME



UNDP

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE
GOVERNMENT OF TURKEY

Development of the Iron and Steel Industry
(TUR/76/038)

Report of the Administrator*

Date of present approval:	December 1978
Starting date of project activities:	July 1978 (under advance authorization)
Planned completion date:	January 1982
To be executed by:	United Nations Industrial Development Organization (UNIDO)
Government implementing agency:	Turkish Iron and Steel Works
Estimated cost of assistance planned under present approval:	\$614 800 (UNDP financed: \$314 800) Government cost sharing: \$300 000
Source of UNDP financing:	Indicative Planning Figure (IPF)

I. Background

1. In Turkey at present three integrated iron and steel plants are in operation: in Karabuk (since 1938), in Ereğli (since 1967), and in Iskenderun (since 1975). A feasibility study is in preparation for a fourth plant to be located in Sivas, Central Anatolia. Special quality steel is produced in Kirikkale. With the exception of Ereğli, which is partly in private hands, these plants are state-owned. There are also about 20 small private electric-furnace steel mills mainly producing concrete reinforcement bars. It is anticipated that demand will be about 25 million tons per year by the early 1990s, which the Government hopes to meet entirely from domestic production. In 1977 production was only about 2 million tons. The Turkish Government therefore seeks to expand its production, making the Turkish economy less dependent on imports.

*In accordance with General Assembly resolution 2688 (XXV) and subsequent authorizations of the UNDP Governing Council, reports are issued seriatim on the approval of UNDP assistance of \$250,000 or more (including, if any, assistance financed by Government or by third-party cost sharing).

2. An earlier small-scale project, Assistance to Karabuk Steel Mill (TUR/77/014), carried out in late 1977 and early 1978, can be considered a pilot phase of the present large-scale project.

II. Objectives and activities

3. The immediate objective of the project is to develop a group of experienced and well-trained engineers within the Turkish Iron and Steel Works who are capable of organizing, co-ordinating, and implementing the main consultancy and engineering work within the industry without further external guidance. Towards this end, the project will: (a) develop manpower skills in the preparation of feasibility studies and a long-term iron and steel industrial expansion plan; (b) establish a design engineering capacity within the industry for implementation of investment projects; (c) provide assistance to individual integrated steel works for developing maintenance systems and improving operational skills and facilities; and (d) implement a permanent training programme to enable the industry to cope with its own growing manpower requirements. The feasibility study for the Sivas plant will be completed, and another one will begin on ore preparation and beneficiation of a specific iron ore deposit.

III. Inputs

4. UNDP will provide, through the Executing Agency, for approximately 66 man-months of the services of consultants and experts to work with various divisions of the Turkish Iron and Steel Works, and one consultant for 8 months to assess Turkey's need for additional training facilities in its iron and steel industries. Some 151 man-months of training abroad and equipment will also be provided.

5. In addition to the cost-sharing contribution, the Government will also provide appropriate personnel, office space, and bilingual secretarial services for consultants and experts directly to the project.

IV. Financial data

6. The expenditure components of the planned assistance are as follows:

	\$
Personnel	315 400
Training	208 600
Equipment	90 000
Miscellaneous	800
Total	<u>614 800</u>

Financed by:

UNDP	314 800
Government	300 000

7. In addition to the total amount financed by the Government as shown above, the Government will also pay \$42,000 towards related Executing Agency support costs. The estimated total value, expressed in US dollars, of the inputs provided directly by the Government to the project is \$342,000 in kind.